

**TITLE 17. TRANSPORTATION**  
**CHAPTER 7. DEPARTMENT OF TRANSPORTATION**  
**THIRD-PARTY PROGRAMS**

*Editor's Note: 17 A.A.C. 7, consisting of Articles 1 through 4, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

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*Article 1, consisting of Section R17-7-101, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

Section

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*Article 2, consisting of Sections R17-7-201 through R17-7-204, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

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*Article 3, consisting of Sections R17-7-301 and R17-7-302, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

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*Article 4, consisting of Section R17-7-401, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

Section

R17-7-401. Audits

**ARTICLE 1. DEFINITIONS AND APPLICABILITY**

*Article 1, consisting of Section R17-7-101, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-101. Definitions**

The following definitions apply to this Chapter unless otherwise specified:

1. "Accountable inventory" means an item that is reproduced by the Division in a consecutively numbered series for:
  - a. Recording the number of a completed, issued, or voided item in a log, and
  - b. Reporting the number of a completed, issued, or voided item to the Division.
2. "Activity" means a function or service that is provided by an authorized third party and performed by a certified individual.
3. "Agency head" or "political subdivision head" means the chief officer of an agency or political subdivision or another individual with authority to act for the agency head or political subdivision head.
4. "Audit" means an examination or inspection of the operations of an authorized third party to determine compliance with all applicable statutes, rules, contract terms, and Division policies.
5. "Authorized third party" means an entity that:
  - a. Has written permission from the Division to operate a business under A.R.S. Title 28, Chapter 13; and

- b. Employs or contracts with at least one certified individual to provide third-party services.
6. "Branch" means an authorized third party's business location that is:
  - a. Division-approved;
  - b. Not used as a residence;
  - c. Authorized to perform contracted activities at the third-party's business location, and
  - d. Located within the same county as the established place of business.
7. "Cancellation" means a Division action that withdraws an authorization or certification issued under A.R.S. Title 28, Chapter 13.
8. "Certified individual" means an individual who the Division certifies under A.R.S. Title 28, Chapter 13 to perform specified activities for an authorized third party. The Division may certify an individual as a:
  - a. Commercial driver license examiner,
  - b. Dealer license processor,
  - c. Driver license processor,
  - d. Noncommercial driver license examiner,
  - e. Tax report processor,
  - f. Title and registration processor,
  - g. Vehicle inspector, or
  - h. Vehicle permit processor.
9. "Classes of driver licenses" is defined in A.R.S. § 28-3101.
10. "Commercial driver license examiner" means an individual certified by the Division to administer class A, B, or C driver license tests.
11. "Contact individual" means an individual, other than the principal of an authorized third party:
  - a. Whose current name and telephone number the authorized third party submits to the Division in writing;
  - b. Who communicates with the Division on behalf of the authorized third party.
12. "Convenience fee" means the amount exceeding the statutorily prescribed fees and taxes that an authorized third party collects and retains for its services.
13. "Department" means the Arizona Department of Transportation.
14. "Division" means the Arizona Department of Transportation, Motor Vehicle Division.
15. "Division headquarters" means 1801 West Jefferson Street, Phoenix, Arizona 85007.
16. "Division-issued business license" means:
  - a. An automotive recycler license,
  - b. A broker license,
  - c. A distributor license,
  - d. A distributor branch license,
  - e. A factory branch license,
  - f. A manufacturer license,
  - g. A new motor vehicle dealer license,
  - h. A professional driver training school license,
  - i. A third-party authorization,
  - j. A title service company license,
  - k. A used motor vehicle dealer license,
  - l. A wholesale motor vehicle dealer license, or
  - m. A wholesale motor vehicle auction dealer license.

17. "Driver license processor" means an individual certified by the Division to:
  - a. Review applications for driver licenses, instruction permits, and identification licenses;
  - b. Administer driver license tests;
  - c. Enter information related to the applications in the Division's database; and
  - d. Issue or deny specified classes of driver licenses, instruction permits, and identification licenses.
18. "Established place of business" means an authorized third party's business location that is:
  - a. Division-approved,
  - b. Not used as a residence, and
  - c. Performs third-party activities on site.
19. "Floor plan" means a Division-approved diagram of a building interior, as seen from above, that shows the interior dimensions and the location of doors, windows, and equipment. A floor plan includes:
  - a. A computer-generated graphic,
  - b. A blueprint or other photographic reproduction of an architectural plan or technical drawing, or
  - c. A non-technical drawing made by hand using a straightedge.
20. "Good standing" means an authorized or certified third-party applicant does not have:
  - a. Within three years before the application date, a suspension, cancellation, revocation, or denial of a Division-issued authorized third party business license or certification; or
  - b. On the application date, any delinquent fees, taxes, or unpaid balance owed to the Division; and
  - c. While holding a third-party authorization or certification;
    - i. A suspension, cancellation, revocation, or denial of another Division-issued license; or
    - ii. Delinquent fees, taxes, or unpaid balance owed to the Division.
  - d. If the applicant is a former Department employee or authorized third-party owner or employee:
    - i. A dismissal from position due to misconduct;
    - ii. A resignation from position:
      - (1) In lieu of dismissal.
      - (2) By mutual agreement following allegations of misconduct.
      - (3) Under unsatisfactory conditions.
    - iii. A designation "not eligible for rehire."
21. "Inactive status" means a Division action taken at the request of an authorized third party that deactivates a third-party authorization for no more than six months.
22. "Log" means a complete, chronological record of accountable inventories and activities performed and kept by the authorized third party.
23. "Monthly reconciliation report" means an authorized third-party's report on accountable inventory other than title and registration accountable inventory. A monthly reconciliation report:
  - a. Lists the number of each completed license, permit, or form;
  - b. Lists the number of each voided license, permit, or form;
  - c. Is signed by a principal or contact individual of the authorized third party; and
  - d. Includes all voided licenses, permits, or forms.
24. "Noncommercial driver license examiner" means an individual certified by the Division to administer class D, G, and M driver license tests.
25. "Principal place of business" means an authorized third party's administrative headquarters.
26. "Skills test" means a set of tests, authorized and approved by the Division and administered by a commercial or noncommercial driver license examiner or driver license processor to determine whether the applicant possesses the required skills for the type of license for which the applicant applies.
27. "Skills test route" means a public road or highway driving course, identified by an authorized third party and approved by the Division, for administering skills tests to driver license applicants.
28. "Suspension" means a Division action that, for a stated period, prohibits:
  - a. An authorized third party from:
    - i. Providing at least one type of third-party activity, or
    - ii. Operating as an authorized third party.
  - b. A certified individual from:
    - i. Performing at least one type of third-party activity, or
    - ii. Working for an authorized third party.
29. "Tax report processor" means an individual certified by the Division to:
  - a. Process motor fuel tax reports and interstate user fuel tax reports from fuel suppliers, fuel vendors, and motor carriers; and
  - b. File the reports with the Department.
30. "Test site" means a location, identified by an authorized third party, for administering skills tests to driver license applicants that is:
  - a. Division-approved,
  - b. Permanently marked, and
  - c. Off the public road or highway.
31. "Title and registration processor" means an individual certified by the Division to:
  - a. Review applications for vehicle certificates of title or registrations under A.R.S. Title 28, Chapter 7,
  - b. Enter information related to applications for vehicle certificates of title or registrations in the Division's database, and
  - c. Issue or deny vehicle certificates of title or registrations.
32. "Vehicle dealer license processor" means an individual certified by the Division to:
  - a. Review applications for vehicle dealer licenses under A.R.S. Title 28, Chapter 10;
  - b. Enter information related to the applications in the Division's database; and
  - c. Issue or deny vehicle dealer licenses.
33. "Vehicle inspector" means an individual certified by the Division to perform motor vehicle inspections.
34. "Vehicle permit processor" means an individual certified by the Division to:
  - a. Review applications for permits or registrations under A.R.S. Title 28, Chapter 3, Articles 18 and 19, and Chapter 7.
  - b. Enter information related to the applications in the Division's database; and
  - c. Issue or deny permits or registrations.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**ARTICLE 2. AUTHORIZATION**

*Article 2, consisting of Sections R17-7-201 through R17-7-204, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-201. Authorization Application Requirements**

**A.** An applicant for third-party authorization shall provide to the Division:

1. The applicant's name, business name, and federal employer identification number;
2. The applicant's bond status as exempt or nonexempt under A.R.S. §§ 28-5104 and 28-5105. If exempt, the applicant's name under subsection (A)(1);
3. The name of the applicant's principal. If the applicant is:
  - a. A sole proprietor, state the sole proprietor's name;
  - b. A partnership, limited partnership, limited liability partnership, limited liability company, or corporation, the name of each:
    - i. Partner;
    - ii. Manager;
    - iii. Member;
    - iv. Officer;
    - v. Director;
    - vi. Agent; and
    - vii. If a limited liability company or corporation, each stockholder owning 20 percent or more of the limited liability company or corporation; or
  - c. A political subdivision or government agency, the name of the political subdivision head or agency head;
4. The name and telephone number of the applicant's contact individual;
5. The activities for which the applicant seeks authorization;
6. The address of the applicant's principal place of business and the address of each established place of business;
7. A statement that the applicant is in good standing with the Division, if applicable;
8. The signature of:
  - a. The sole proprietor,
  - b. All partners,
  - c. A corporate officer,
  - d. A limited liability company manager, or
  - e. The political subdivision head or agency head;
9. An applicant shall provide to the Department documents relating to the applicant's business. If the applicant is:
  - a. A corporation:
    - i. A copy of the articles of incorporation, including any amendments, filed with the Arizona Corporation Commission; and
    - ii. Any other official documents, including copies of board meeting minutes and annual reports, that reflect changes to the corporate name, structure, or officers;
  - b. A limited liability company:
    - i. A copy of the articles of organization, including any amendments, filed with the Arizona Corporation Commission, or
    - ii. A copy of the application for registration as a foreign limited liability company filed with the Arizona Corporation Commission and a copy of the certificate of registration issued by the Arizona Corporation Commission to a foreign limited liability company; or
  - c. A limited partnership, limited liability partnership, or a limited liability limited partnership:

- i. A copy of a valid certificate of existence issued by the Arizona Secretary of State, or
- ii. A copy, stamped "Filed" by the Arizona Secretary of State, of a Certificate of Limited Partnership, Certificate of Foreign Limited Partnership, Limited Liability Partnership form, Foreign Limited Liability Partnership form, or Statement of Qualification for Conversion of Limited Partnership or Limited Liability Partnership to a Limited Liability Limited Partnership;

10. A floor plan for each established place of business;
11. A map, drawing, or narrative description of each skills test route and a photograph or drawing of each test site;
12. Unless exempt, proof of a surety bond according to A.R.S. § 28-5104;
13. Unless exempt, a full set of fingerprints for a criminal records check of each principal at least age 18 named under subsection (A)(3)(a) or (A)(3)(b). The applicant is responsible for the cost of finger printing and background check. Each full set of fingerprints shall be impressed on a fingerprint card:
  - a. Supplied by the Division, and
  - b. Completed by a law enforcement agency.

**B.** Unless exempt, an applicant for a third-party authorization shall submit, for the individual named under subsection (A)(3)(a) or (A)(3)(b), a statement on a form provided by the Division with the following information:

1. Name, including other names and birth dates used;
2. Residence address;
3. Any Division-issued business suspension, cancellation, revocation, or denial within five years before the application date;
4. The individual's signature witnessed by a notary public or a Division agent designated under A.R.S. § 28-370(A); and
5. Any other information requested by the Division Director.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**R17-7-202. Authorization Approval or Denial and Hearing**

**A.** The Division shall send written and dated notification of approval or denial of third-party authorization:

1. By regular mail,
2. To the address provided on the application, and
3. According to A.R.S. § 28-5107(A).

**B.** A.R.S. §§ 28-5107(B) through 28-5107(D), A.A.C. R17-1-501 through R17-1-511, and A.A.C. R17-1-513 apply to a hearing on the denial of third-party authorization.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**R17-7-203. Authorization Agreement**

Before the Department issues a third-party authorization, an applicant receiving authorization shall sign a written agreement with the Division as to the terms and conditions of the third-party authorization.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**R17-7-204. Authorized Third Party's Duties**

- A.** Until returned to the Division, an authorized third party shall retain the following records at each established place of business or at the principal place of business:
  - 1. All logs and copies of completed, issued, or voided accountable inventory;
  - 2. All unused accountable inventory; and
  - 3. All other paper and electronic records, including all supporting documents, relating to the activities provided by the third party.
- B.** The third party shall provide to the Division the records listed in subsections (A)(1) through (A)(3) upon request of the Department.
- C.** An authorized third party shall maintain a copy of the certificate relating to each type of authorized activity the certified individual performs at the business location where the certified individual works.
- D.** An authorized third party shall retain a certified individual's personnel file for one year after the certified individual's last day of work. The retained personnel file shall include the certified individual's:
  - 1. Dates of employment,
  - 2. All computer access forms (if applicable), and
  - 3. Computer access termination form (if applicable).
- E.** An authorized third party shall submit by the fifth day of each month, a monthly reconciliation report. If the authorized third party fails to timely submit a monthly reconciliation report, the Division shall:
  - 1. Give an oral or written warning for the first untimely report,
  - 2. Send a letter of concern for the second untimely report in a 12-month period, or
  - 3. Suspend or cancel the authorization for the third untimely report in a 12-month period.
- F.** An authorized third party shall comply with the audit and inspection requirements of R17-7-401.
- G.** An authorized third party shall obtain the Division's written approval before:
  - 1. Changing the location or floor plan of an established place of business,
  - 2. Changing a skills test route or test site, or
  - 3. Performing an additional authorized activity.
- H.** An authorized third party shall notify the Division, within two business days, of any change to the list of certified personnel.
- I.** An authorized third party that is open to the public shall post at each established place of business the sign required by A.R.S. § 28-5101(F) and a sign provided by the Division that is stating:
  - 1. The business is a Division-authorized third-party provider, and
  - 2. The business may charge the customer a convenience fee.
- J.** An authorized third party shall not represent that it is the State of Arizona, the Department, or the Division in any printed or electronic advertising or promotional material.
- K.** An authorized third party shall not employ or contract with a current Department employee to provide training for certification without the Department employee obtaining written approval from the Department.
- L.** An authorized third party shall comply with the requirements of R17-7-201:
  - 1. Before using a name different from the name on its authorization, or
  - 2. Before an ownership change in the entity operating as the authorized third party.
- M.** An authorized third party shall cooperate with an on-site audit by Department personnel or the Department's representative.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**ARTICLE 3. CERTIFICATION**

*Article 3, consisting of Sections R17-7-301 and R17-7-302, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-301. Certification Application Requirements**

- A.** A certification applicant shall provide to the Division the following:
  - 1. The applicant's name, residence address, mailing address, telephone number, and date of birth;
  - 2. The activities for which the applicant seeks certification;
  - 3. The dates of any employment of the applicant by the Division;
  - 4. Whether the Division previously denied any certification of the applicant;
  - 5. For each previous certification issued to the applicant by the Division:
    - a. The effective dates of the certification, and
    - b. The activity the applicant was certified to perform;
  - 6. Whether the Division suspended or canceled any certification listed under subsection (A)(5);
  - 7. Whether the applicant previously worked as a certified individual, the names of no more than three authorized third parties that employed or contracted with the applicant, and the dates of the employment or contract work;
  - 8. The applicant's signature;
  - 9. A full set of fingerprints, on a fingerprint card supplied by the Division and completed by a law enforcement agency, for a criminal records check; and
  - 10. If the applicant requests certification as a driver license processor or a driver license examiner, the applicant's driving record for the 39 months before the application date.
- B.** The applicant is responsible for the cost of finger printing and criminal records check.
- C.** An applicant for a certification shall submit to the Division a statement with the information listed under R17-7-201(B).
- D.** An applicant is eligible for certification if the applicant:
  - 1. Is at least age 18 on the application date;
  - 2. Is in good standing as defined in R17-7-101(20); and
  - 3. Successfully completes all training courses and continuing education courses required by the Division; or
  - 4. Agrees in writing to complete all training courses and continuing education courses required by the Division.
- E.** An applicant who was previously employed by the Division is eligible for certification if the applicant:
  - 1. Meets the requirements under subsection (D),
  - 2. Was not terminated by the Division for misconduct in performing official duties within three years before the application date, or
  - 3. Did not resign during a Division investigation of misconduct in performing official duties within three years before the application date.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).

**R17-7-302. Certification Approval or Denial and Hearing**

- A.** The Division shall send written and dated notification of certification approval or denial:
  - 1. By regular mail,
  - 2. To the address provided on the application, and
  - 3. According to A.R.S. § 28-5107(A).

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- B.** A.R.S. §§ 28-5107(B) through 28-5107(D), A.A.C. R17-1-501 through R17-1-511, and A.A.C. R17-1-513 apply to a certification denial hearing.

**Historical Note**

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**ARTICLE 4. AUDITS**

*Article 4, consisting of Section R17-7-401, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-401. Audits**

- A.** During an onsite audit or inspection of an authorized third party, Department personnel, a law enforcement agency, or federal personnel may:
1. Review and copy paper and electronic records;
  2. Examine the site;
  3. Interview the authorized third party's:
    - a. Employees, and

- b. Customers.

- B.** If Department personnel or the Department's representative conduct an onsite audit of an authorized third party outside Arizona under A.R.S. § 28-5102(B)(3), the Department shall charge, and the authorized third party shall pay, for the audit.

1. The audit charge and payment shall equal the Arizona Department of Administration reimbursement for out-of-state travel authorized by A.R.S. Title 38, Chapter 4, Article 2 and stated in sections II-D-3 and sections II-D-6 of the Arizona Accounting Manual prepared by the Arizona Department of Administration.
2. Sections II-D-3 and II-D-6 of the Arizona Accounting Manual are available on the Arizona General Accounting Office web site at [www.gao.state.az.us](http://www.gao.state.az.us).

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).